

Small Business is Our Business...

Small Business Advancement National Center
University of Central Arkansas
<http://www.sbaer.uca.edu>

SBANC Newsletter, May 19, 1998

ASK YOUR BANKER: WHAT LOAN PROGRAMS EXIST OTHER THAN THE NORMAL SBA AND BANK PROGRAMS?

By: John W. Nelson, III - Chapter 13, Providence, RI

Probably, there are more loan programs that differ from banks' than there are standard bank loan programs. It is important to fit the loan needed to the proper program.

If a small business is seeking a small loan, say under \$10,000, a bank isn't going to want to do it through a commercial loan program because it's too expensive for owners who, in turn, lend it to the business. The latest craze is using credit cards, sometimes many of them for working capital. Credit cards are easy to get and use with small minimum payments, but is this the way to go?

Recently, I've worked with two small businesses that couldn't get credit from banks. One request was for the purchase of a beauty salon. The prospective owner didn't have a down payment or sufficient collateral, but the business had a proven track record. Her local municipality has a relatively unknown small business program that was to be used for economic development. Under the umbrella came retention of businesses and jobs, and that is what the prospective owner proposed. I was able to help her get \$13,000 at four percent on a five year amortization. She had to be rejected by a bank first; that was easy. Still, she had to do the business plan, financial projections, etc. required for any loan.

Another client owned an office building worth \$1.2 million and wanted \$400,000 to pay off the first mortgage and IRS. Most banks won't touch a request if the IRS has liens. Add to that the fact the owner was incarcerated. I can just see a banker going to a prison to get documents signed. I found a private mortgage company to do the loan. The proposal cash flowed, the collateral was there and believe it or not, the owner's credit was good. There are loans at the federal level in many of the bureaus. Almost all states offer some sort of commercial loans for different industries they want to retain or attract. Municipal governments sometimes have loan programs as well. You must inquire and find the person with the right information. Once you know about the programs, you must identify the program parameters and learn how to apply them to your situation. Lastly, do everything requested and present a complete and professional package. The money usually is there, it's just finding it and getting it that is tough -- but it can be done.

Located at: <http://www.sbaer.uca.edu/Docs/Bulletins/BLT36.ASC>

TIP OF THE WEEK

THE EMERGING TRENDS IN ENTREPRENEURSHIP

(Taken from "Entrepreneurship, A Contemporary Approach," by Donald Kuratko and Richard M. Hodgetts. See full credit below.)

Women-Owned Businesses

The 1990s have been designated the decade of women in leadership. This new leadership position for women has been most notable in their entrepreneurial pursuits. Rather than just climbing the corporate ladder of success, women are creating their own corporations.

On October 25, 1988, President Ronald Reagan signed into law the Women's Business Ownership Act to establish programs and initiate efforts to assist the development of women-owned businesses. This law has brought greater recognition to women as entrepreneurs through their remarkable growth in entrepreneurship as evidenced by the aggregate statistics.

Women-owned businesses are the fastest-growing segment of small business in the nation, with an increase from 2.6 million businesses in 1982 to 6.4 million in 1997. Before 1970, women owned five percent of all U.S. businesses. Today women own nearly 34 percent of all businesses, 50 percent of all retail businesses, and 29 percent of all service companies.

"At a time when America is suffering from huge budget and trade deficits, and from a chronic failure to significantly increase productivity, it is vital for public policy makers to seek means to catalyze the tremendous pool of talent and energy these women represent. These women are part of the most educated generation of women that has ever existed. They are a gold mine of human capital ... it is vitally important for our future competitiveness that public policy, in partnership with the private sector, affirm and assist this economic revolution. As part of this effort, it is essential that remaining barriers to women entrepreneurship be eliminated (9)."

Women in the labor force have been steadily increasing in numbers. Today, more than 53 million U.S. women over the age of 16 are in the workforce.

What role will women play in the labor force of the twenty-first century? Of the 26 million net increase in the civilian labor force between 1990 and 2005, women will account for 15 million or 62 percent of the net growth. In 1990 women were 45 percent of the civilian labor force and will become 47 percent of it in 2005. Employment by women-owned firms rose by more than 100 percent from 1987 to 1992, compared to a 38 percent increase in employment by all firms. For women-owned companies with 100 or more workers, employment increased by 158 percent--more than double the rate for all U.S. firms of similar size. Employment, growth in women-owned businesses exceeds the national average in nearly every region of the country and in nearly every major industry. Women-owned businesses employ one out of every five U.S. workers--a total of 18.5 million employees.

Female labor-force participation from all racial groups will rise during the period between 1990 and 2005. The net labor force for all women between 1990 and 2005 is projected to increase 26 percent. Hispanic and Asian American women will exhibit the fastest growth, both at 80 percent. Black women's labor-force growth of 34 percent also will exceed the growth average for all women. White women will remain the dominant female participants,

but their labor-force growth of 23 percent will be the least among all female groups.

Labor-force participation rates, the percentage of employed women, for both white and black women are expected to exceed 60 percent, but for the first time, during the decade of the turn of the century, white women's participation rate (63.5 percent) is projected to exceed that of black women (61.7 percent). The projected rate for Hispanic women will be 58 percent in 2005, up from 53 percent in 1990. During the same period, the enormous rise in labor-force participation for Asian American women will result in a projected participation rate of 58.9 percent, just slightly above that of Hispanic women (10).

Receipts from businesses owned by women increased 183 percent from \$98.3 billion to \$278.1 billion from 1982 to 1987. Such skillful delivery of real goods and services into a global and complex regional marketplace is the basic activity required of all American businesses to continue to feed our national economy.

"Entrepreneurship, A Contemporary Approach;" Fourth Edition; Kuratko, Donal F. and Hodgetts, Richard M.; The Dryden Press, Harcourt College Publishers; Orlando, Florida; 1998; pp. 14-15.

Southeast Decision Sciences Institute
Twenty-Ninth Annual Meeting
February 24-26, 1999
Savannah Hyatt Regency
Savannah, Georgia

DEADLINE FOR PAPERS: SEPTEMBER 7, 1998

Meeting Announcement: The Southeast Region of the Decision Sciences Institute will hold its 29th Annual Meeting at the Savannah Hyatt Regency in Savannah, Georgia on February 24 - 26, 1999. Persons in business, government, and academia are invited to submit competitive papers, proposals for symposia, tutorials, and workshops on current topics in all areas of decision sciences.

Competitive Papers: Authors may submit competitive papers or abstracts for review. The submission of a competitive paper means the author certifies that the paper has not been copyrighted, published, or presented (or submitted for presentation) at another professional meeting. Anyone submitting a paper must intend to register for and attend the meeting to present the paper if it is accepted. Outstanding papers will be awarded in each track and recognized at the meeting luncheon.

Student Papers: Papers submitted in the student track (and thus the student paper competition) must be solely of student authorship. Such papers must be submitted directly to the Program Chairperson. The registration fee will be waived for students whose papers are accepted. Students will not be reimbursed for travel expenses by SE DSI. All student papers accepted by the Student Papers track chair will be scheduled on the program. Cash prizes will be awarded to the best papers chosen by the student paper judges. The judges will take the presentations into account in awarding these prizes. Presentation of the awards will be at the luncheon on

February 26, 1999.

Symposia, Tutorials, and Workshops: If you wish to conduct a symposium, tutorials or workshop, submit a summary of at least two pages on what you propose to do in your session and why it is of interest and importance to Institute members. Follow the guidelines below for submissions. You are allowed considerable latitude and flexibility as to content and conduct of these sessions. You must, however, provide your own participants (such as panel members) and any unusual equipment needs.

Proceedings: The Southeast Region of the Decision Sciences Institute will publish a Proceedings containing all papers presented at the meeting as well as a summary of symposia, tutorials, and workshops. Publication in the Proceedings is subject to a strict set of standards and deadlines. Primary authors will receive instructions in early November. Papers will be limited to three mat sheets. The Proceedings Coordinator will accept additional pages if they are accompanied by a payment of fifty dollars (\$50) per extra page.

Placement Service: A placement service will be provided at the meeting at no cost to the participants or employers. Placement information will be mailed to members of the Southeast Region. Others may contact the Placement Service Coordinator directly: Barry Wray, Production and Decision Sciences, UNC-Wilmington, Wilmington, NC 28403

Volunteers: Anyone interested in participating in the program by serving as a referee, session chair, or discussant should contact the Program Chair by September 7, 1998.

Instructions for Contributors:

1. Submit four (4) typed, double-spaced copies of your paper or proposal. Abstracts should be a minimum of four pages.
2. Each submission should include a separate title page with: (1) title of paper, (2) author(s), (3) affiliation(s) and complete addressees), (4) telephone number(s), (5) e-mail addressees), and (6) the appropriate track for the paper.
3. The main body of your submission should include the title, but not your name.
4. Include a stamped, self-addressed postcard with the name of your submission so the program chairperson may notify you that it was received.
5. Enclose a 3" X 5" card for each paper and author with name, affiliation, address, phone number, e-mail address, paper title, the appropriate track for your paper, and the individual to whom all correspondence should be directed.
6. All submissions are due by September 7, 1998. Notifications of acceptance or rejection will be mailed the week of November 9, 1998. Accepted papers will be due in final form by December 8, 1998 if they are to appear in the Proceedings.
7. Mail all papers and proposals to the Program Chairperson:

Lance A. Matheson, Department of Management Science and Information Technology (0235), Pamplin College of Business, Virginia Tech, Blacksburg, VA 24061.

About Savannah, Georgia

Savannah is one of the world's most enchanting seaside port cities. Founded in 1733 it is also one of America's first planned cities and Georgia's first capital. Moss-draped oaks line picturesque boulevards and beautiful squares forming an emerald canopy over the historic district. There are more than 1,100 elegant 18th and 19th century architectural masterpieces, homes, businesses and churches, in the historic area. The city is well-known for its low-country cuisine and nightlife. Come and enjoy the sites and sounds of a great city.

If you have any comments about our newsletter or if you know of an upcoming small business event in your area, please contact Kim Stubbs by e-mail at: kstubbs@mail.uca.edu

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